



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN  
Chief Administrative Officer

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First District

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Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

September 19, 2006

To: All Department Heads

From: David E. Janssen  
Chief Administrative Officer

**NOTICE OF FEDERAL TAX REQUIREMENTS FOR USE OF COUNTY VEHICLES**

As part of an ongoing effort to ensure compliance with Internal Revenue Code (IRC) requirements for reporting the taxable fringe benefit associated with use of County-provided vehicles, this memorandum provides notice of updated procedures for applicable employees.

The Auditor-Controller will issue a memorandum prior to November 1, 2006 that will provide the specific requirements and applicable forms for tracking either an employee's business miles or commutes to and from work for the next 12-month period. Please note that a County-provided vehicle is defined as a County-owned or -leased vehicle exclusively assigned to an employee. Employees subject to these requirements include the following:

- Employees using County-provided vehicles other than "qualified non-personal use vehicles" for purposes other than business related activities. The IRS definition of qualified non-personal use vehicles is included as Attachment I to this memorandum.

Employees meeting the above criteria, with the exception of employees reimbursing the County for personal use under the County's Security Program or Transportation Allowance Program, are advised that use of a County-provided vehicle for other than business-related purposes is a taxable fringe benefit under the IRS Code and will be reported as taxable income on their W-2 forms. To ensure employees are made aware of this, you are required to have each employee that is assigned a County vehicle read, complete and sign a copy of the Automobile Commuting Agreement (Attachment II) explaining that the vehicle is for business use and that the only personal use allowed is for commuting between home and work. Completed forms are to be maintained in the employee's personnel file.

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Should you have questions regarding this matter, please contact Gregg Iverson of the Auditor-Controller at 213.974.0342 or at [giverson@auditor.lacounty.gov](mailto:giverson@auditor.lacounty.gov).

DEJ:MKZ:  
DS:VLA :pg

Attachments

c: Each Supervisor

2006\_09 Federal Tax Requirements Memo to Dept Heads 09-19-06

## PERSONAL USE OF COUNTY- PROVIDED VEHICLES REPORTING PROCEDURES

### QUALIFIED NON-PERSONAL USE VEHICLES

Employees assigned vehicles identified as a "qualified non-personal use vehicle" by the IRS are exempt from tracking vehicle use. Qualified non-personal use vehicles generally include all of the following vehicles:

- Clearly marked police and fire vehicles.
- Unmarked vehicles used by law enforcement offices if the use is officially authorized.
- An ambulance or hearse used for its specific purpose.
- Any vehicle designed to carry cargo with a loaded gross vehicle weight over 14,000 pounds.
- Delivery Trucks with seating for the driver only, or the driver plus a folding jump seat.
- A passenger bus with a capacity of at least 20 passengers used for its specific purpose.
- School buses.
- Tractors and other special-purpose farm vehicles.

**Pickup trucks.** A pickup truck with a loaded gross vehicle weight of 14,000 pounds or less is a qualified non-personal use vehicle if it has been specially modified so it is not likely to be used more than minimally for personal purposes. For example, a pickup truck qualifies if it is clearly marked with permanently affixed decals, special painting, or other advertising associated with a trade, business or function and meets either of the following requirements.

- 1) It is equipped with at least one of the following items:
  - a) A hydraulic lift gate.
  - b) Permanent tanks or drums.
  - c) Permanent side boards or panels that materially raise the level of the sides of the truck bed.
  - d) Other heavy equipment (such as an electric generator, welder, boom, or crane used to tow automobile and other vehicles).
- 2) It is used primarily to transport a particular type of load (other than over the public highways) in a construction, manufacturing, processing, farming, mining, drilling, timbering, or other similar operation for which it was specially designed or significantly modified.

**Vans.** A van with a loaded gross vehicle weight of 14,000 pounds or less is a qualified non-personal use vehicle if it has been specially modified so this it is not likely to be used more than minimally for personal purposes. For example, a van

qualifies if it is clearly marked with permanently affixed decals, special painting, or other advertising associated with your trade, business, or function and has a seat for the driver only (or the driver and one other person) and either of the following items:

- 1) Permanent shelving that fills most of the cargo area.
- 2) An open cargo area and the van always carries merchandise, material, or equipment used in your trade, business or function.

**COUNTY OF LOS ANGELES  
VEHICLE COMMUTING AGREEMENT**

By signing this form, I acknowledge that I have read this document and will comply with all of its content.

I understand that the (Year) \_\_\_\_\_, (Make) \_\_\_\_\_, (Model) \_\_\_\_\_, (County Identification No.) \_\_\_\_\_, has been provided to me for use in business for the County of Los Angeles.

I understand that the only personal use of the vehicle allowed is for commuting between home and work.

I understand that the value of using the vehicle for commuting between home and work is a taxable benefit as determined by the IRS and will be included in my taxable earnings on a monthly or annual basis as determined by the County.

I understand that I am required to comply with County rules requiring tracking business mileage or commutes to and from work.

I understand that I am responsible for operating the vehicle in strict conformity with all federal, state, county and municipal statutes, ordinances and regulations and in conformity with all conditions of any policy of insurance applicable to the vehicle.

I understand that I am to be the sole operator of the vehicle.

I understand that the County is responsible for maintaining the vehicle, including paying for fuel, and all accessories and equipment in good mechanical condition, appearance and running order.

I understand that I am subject to County Code Section 5.40.300 County automobiles – Use restrictions, and my use of the vehicle for any purpose other than county business and commuting makes me guilty of a violation of my duties and subject to discharged.

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Employee Name (Print)

Employee Signature

Date